amounts of taxes which are applicable to each account, with concurrent credits to account 236, Taxes accrued (§ 367.2360), or account 165, Prepayments (§ 367.1650), as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual tax levies become known.

(c) Special assessments for street and similar improvements must be included in the appropriate service company property account.

(d) Taxes specifically applicable to construction must be included in the cost of construction.

(e) Gasoline and other sales taxes must be charged as far as practicable to the same account as the materials on which the tax is levied.

(f) Social security and other forms of so-called payroll taxes must be distributed to utility and non-utility functions on a basis related to payroll. Amounts applicable to construction must be charged to the appropriate plant account.

(g) Interest on tax refunds or deficiencies must not be included in these accounts but in accounts 419, Interest and dividend income (§ 367.4190), or 431, Other interest expense (§ 367.4310), as appropriate.

### § 367.103  Accounts 409.1, 409.2, and 409.3, Income taxes.

(a) These accounts must include the amounts of local, state and Federal income taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals must be made to account 236, Taxes accrued (§ 367.2360), and as the exact amounts of taxes become known, the current tax accruals must be adjusted by charges or credits to these accounts, so that these accounts include the actual taxes payable by the service company.

(b) The accruals for income taxes shall be apportioned to Operating Income, Other Income and Deductions, and Extraordinary Items so that, as nearly as practicable, each tax will be included in the appropriate account based on the income which gave rise to the tax.

(c) Taxes assumed by the service company on interest must be charged to account 431, Other interest expense (§ 367.4310).

(d) Interest on tax refunds or deficiencies must not be included in these accounts but in account 419, Interest and dividend income (§ 367.4190), or account 431, Other interest expense (§ 367.4310), as appropriate.

### § 367.104  Accounts 410.1, 410.2, 411.1, and 411.2, Provision for deferred income taxes.

(a) Accounts 410.1 (§ 367.4101) and 410.2 (§ 367.4102) must be debited, and Accumulated Deferred Income Taxes must be credited, with amounts equal to any current deferrals of taxes on income or any allocations of deferred taxes originating in prior periods, as provided by the texts of accounts 190 (§ 367.1900), 282 (§ 367.2820), and 283 (§ 367.2830). There must not be netted against entries required to be made to these accounts any credit amounts appropriately includible in accounts 411.1 (§ 367.4111) or 411.2 (§ 367.4112).

(b) Accounts 411.1 (§ 367.4111) and 411.2 (§ 367.4112) must be credited, and Accumulated Deferred Income Taxes must be debited, with amounts equal to any allocations of deferred taxes originating in prior periods or any current deferrals of taxes on income, as provided by the texts of accounts 190 (§ 367.1900), 282 (§ 367.2820), and 283 (§ 367.2830). There must not be netted against entries required to be made to these accounts any debit amounts appropriately includible in account 410.1 (§ 367.4101) or 410.2 (§ 367.4102).

### § 367.105  Accounts 411.4, and 411.5, Investment tax credit adjustments.

(a) Account 411.4 (§ 367.4114) must be debited with the amounts of investment tax credits related to service company property that are credited to account 255, Accumulated deferred investment tax credits (§ 367.2550), by companies which do not apply the entire amount of the benefits of the investment credit as a reduction of the overall income tax expense in the year in which such credit is realized (See account 255 in § 367.2550).

(b) Account 411.4 (§ 367.4114) must be credited with the amounts debited to